

DE 99-205

GRANITE STATE ELECTRIC COMPANY

Granite State Electric Company Default Service

Order Approving Default Service Proposal

O R D E R    N O. 23,393

January 27, 2000

On December 27, 1999, the Petitioner, Granite State Electric Company (Granite State or the Company), filed with the New Hampshire Public Utilities Commission (Commission) a proposal for the implementation of Default Service to become effective on or before February 1, 2000. After going out to bid, Granite State has entered into a short-term wholesale supply arrangement with Morgan Stanley Capital Group, Inc. (Morgan Stanley) to serve the potential Default Service load through April 30, 2000. This load includes those customers who have left transition service and are not taking service from a competitive supplier. After adjusting the Morgan Stanley wholesale delivery price for system losses, Granite State proposes to provide Default Service through April 30, 2000 at the price of 4.4 cents per kilowatt-hour.

Prior to the expiration of the Morgan Stanley supply arrangement, Granite State will place the Default Service load out to competitive bid, consistent with the provisions of RSA 374-F:3, V(c), and file new Default Service rates based upon the

bid results. In order to implement Default Service, Granite State proposes to revise the language in each of the Company's rate schedules to describe the nature and availability of Default Service. Granite State also requests to add a Default Service Adjustment provision to collect administrative costs associated with Default Service and address any over- or under-collections and reconciliations. In conjunction, Granite State proposes to amend its existing Electric Service Adjustment provision to remove the reconciliation of Default Service costs so that those costs are borne solely by default customers as called for in RSA 374-F:3, V(c).

At this time, Granite State is not submitting a specific cost reconciliation mechanism. Due to the Company's current lack of experience in predicting Default Service costs, the Company asks to defer any specific reconciliation proposal pending the development of additional data on the cost of providing Default Service.

#### **COMMISSION ANALYSIS**

After review of the Company's plan to implement Default Service, we find the method put forth reasonable and in compliance with RSA 374-F. The electric power under Granite States' proposal is procured through a competitive process, providing customers the benefits of wholesale competition, even

if they are unable for some reason or choose not to participate in the market themselves. The Default Service supply is based upon a four month power contract which provides for the short-term pricing required, yet still gives the Company the time necessary to inform consumers of Default Service pricing in advance of Default Service purchase.

The Company has not included in its plan how it will notify its customers about the availability of default service. We direct Granite State to notify its customers of the availability and prices of default service within 30 days of the issuance of this order. Granite State is also directed to notify its customers of how to access the list of competitive suppliers registered to supply Granite State customers.

We acknowledge the possible complications in reconciling Default Service costs for a group of customers whose purchase of Default Service could be quite fluid. We will therefore allow the Company 6 months to gather experience in the provision of Default Service prior to proposing a specific Default Service cost reconciliation mechanism.

The approval of this filing is in no way intended to establish precedent for the provision of Default Service by other electric distribution companies in the state, but is made to meet

the needs of Granite State's default customers in a timely and efficient manner.

**Based upon the foregoing, it is hereby**

**ORDERED**, that Granite State Electric Company implement Default Service, effective February 1, 2000 through April 30, 2000, at 4.4 cents per kilowatt-hour as measured at the customer's meter; and it is

**FURTHER ORDERED**, that the Petitioner shall file a compliance tariff with the Commission on or before February 10, 2000, in accordance with N.H. Admin. Rules, Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of January, 2000.

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Douglas L. Patch  
Chairman

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Susan S. Geiger  
Commissioner

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Nancy Brockway  
Commissioner

Attested by:

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Thomas B. Getz  
Executive Director and Secretary